

A BILL FOR AN ACT

To amend the Code of the Federated States of Micronesia by establishing a new title 13 thereof for the purpose of establishing a Register of Financial Interests for public officials and candidates for public office, and for other purposes.

BE IT ENACTED BY THE CONGRESS OF THE FEDERATED STATES OF MICRONESIA:

1 Section 1. The Code of the Federated States of Micronesia
2 is hereby amended by establishing a new title 13 thereof to be
3 entitled "Public Officials - Register of Financial Interests".

4 Section 2. Title 13 of the Code of the Federated
5 States of Micronesia is hereby amended by establishing a
6 new chapter 1 entitled "General Provisions".

7 Section 3. Title 13 of the Code of the Federated
8 States of Micronesia is hereby amended by establishing a
9 new section 101 of chapter 1 to read as follows:

10 "Section 101. Definitions.

11 For the purposes of this title, the following terms shall
12 be given the meanings described herein:

13 (1) 'Business' includes every occupation, profession,
14 sole proprietorship, partnership, corporation, or any
15 other association that engages in business or commerce
16 within the Federated States of Micronesia.

17 (2) 'Candidate' means a person who files a nomination
18 paper under section 202 of title 9 of the Code of the

1 Federated States of Micronesia for an election to the
2 Congress of the Federated States of Micronesia.

3 (3) 'Contribution' means any loan, gift, donation,
4 payment, or anything of value, including personal or
5 professional services, provided other than for
6 compensation at full market value. The term
7 'contribution' does not include:

8 (a) Services of the sort commonly performed by
9 volunteers in election campaigns;

10 (b) Any contribution which is returned to the
11 giver within five business days of being received;

12 (c) Ordinary home hospitality;

13 (d) Any news item, report or editorial that is
14 published or broadcast by any news medium that is in the
15 business of being a news medium and is not controlled by
16 the candidate or a candidate's committee; or

17 (e) Any sign or poster displayed on a person's
18 own property.

19 (4) 'Immediate family' means, with reference to a
20 natural person, that person's spouse, and dependent
21 children living in the household of the person.

22 (5) 'Public official' includes all members of the
23 Congress of the Federated States of Micronesia, the
24 President and Vice President, the Chief Justice and
25 Associate Justices of the Supreme Court, the Secretaries

1 of all Executive Departments, the Assistant Secretaries of
2 all Executive Departments, the Directors of all Executive
3 Offices, the Public Auditor, and all members of the Board
4 of Directors of the Development Bank of the Federated
5 States of Micronesia.

6 (6) 'Remuneration' means any monetary or in-kind
7 compensation, including salaries, fees, and any taxable
8 expenses, allowances, or benefits.

9 (7) 'Reporting person' means any public official or
10 candidate required to file a statement of financial
11 interest pursuant to this title.

12 (8) 'Secretary' means the Secretary of the Department of
13 Justice of the Federated States of Micronesia.

14 (9) 'Securities' includes bonds, mortgages, notes,
15 obligations, warrants, and stocks of any class, investment
16 interests in limited or general partnerships, and
17 certificates of deposit."

18 Section 4. Title 13 of the Code of the Federated States of
19 Micronesia is hereby further amended by establishing a new
20 section 102 of chapter 1 to read as follows:

21 "Section 102. Forms and rules.
22 The Secretary shall create such forms and issue such
23 rules, not inconsistent with the provisions of this title,
24 as are necessary and appropriate to accomplish the
25 purposes of this title."

1 Section 5. Title 13 of the Code of the Federated States of
2 Micronesia is hereby further amended by establishing a new
3 section 103 of chapter 1 to read as follows:

4 "Section 103. Enforcement.

5 The Secretary shall have the authority to issue orders
6 requiring compliance with the provisions of this title and
7 to seek, in the National Courts, temporary and permanent
8 restraining orders against any person who is in violation
9 of this title."

10 Section 6. Title 13 of the Code of the Federated States of
11 Micronesia is hereby further amended by establishing a new
12 chapter 2 entitled "Public Official and Candidate Disclosures".

13 Section 7. Title 13 of the Code of the Federated States
14 of Micronesia is hereby further amended by establishing a new
15 section 201 of chapter 2 to read as follows:

16 "Section 201. Statement of financial interests.

17 (1) Every public official shall, after January 1 and
18 before April 15 of each year, file with the Secretary on a
19 form created for the purpose, a statement of financial
20 interests for the preceding calendar year.

21 (2) Every candidate shall, within five days of filing
22 a nomination paper, file with the Secretary on a form
23 created for the purpose, a statement of financial
24 interests covering the period from January 1 of the
25 preceding calendar year to the date of filing his or her

1 nomination paper. Every candidate shall file a second
2 statement of financial interests no later than fifteen
3 days prior to the election on a form created for the
4 purpose, and covering the period from the date of filing
5 his or her nomination paper to twenty days prior to the
6 election.

7 (3) Every person who becomes a public official by
8 being appointed to fill a vacant position shall, within
9 thirty days of being appointed, file with the Secretary on
10 a form created for the purpose, a statement of financial
11 interests covering the period from January 1 of the
12 preceding calendar year to the date of appointment.

13 (4) Each statement of financial interests shall
14 include a certification, signed by the reporting person,
15 that the information contained therein is 'complete and
16 correct'."

17 Section 8. Title 13 of the Code of the Federated States of
18 Micronesia is hereby further amended by establishing a new
19 section 202 of chapter 2 to read as follows:

20 "Section 202. Contents of statement of financial
21 interests.

22 The statement of financial interests required by section
23 201 of this title shall include, with respect to each
24 reporting person and his or her immediate family, the
25 following information:

1 (1) Remunerated positions. Any remunerated
2 occupation, employment, office, trusteeship, partnership,
3 directorship, or position of any nature held by the
4 reporting person or a member of his or her immediate
5 family with any business, organization, or government
6 entity other than the Government of the Federated States
7 of Micronesia. The reporting person shall disclose the
8 name and principal address of the entity, a general
9 description of the nature of the entity and its activity,
10 the position held, and the approximate number of hours
11 spent on the position.

12 (2) Business ownership. Any ownership interest in
13 excess of \$1,000 in a business held by the reporting
14 person or a member of his or her immediate family, where
15 such interest represents at least ten percent of the
16 business's value. The reporting person shall disclose the
17 name and principal address of the business, a general
18 description of the nature of the business and its
19 activity, and the percentage interest held in the
20 business.

21 (3) Clients. Any person, business, organization,
22 or government entity to whom the reporting person or a
23 member of his or her immediate family provided services
24 with a value in excess of \$1,000 in the course of the
25 reporting period. The reporting person shall disclose the

1 name and address of the client and the nature of the
2 services provided.

3 (4) Real property interests. Any holdings of
4 real property, other than the reporting person's primary
5 residence, in which the reporting person or a member of
6 his or her immediate family has an interest with a current
7 market value in excess of \$10,000, either personally or by
8 virtue of an ownership interest in a business reported
9 pursuant to subsection 2. The reporting person shall
10 disclose the location and nature of the property, and the
11 percentage interest held in the property.

12 (5) Investment interests. Any business not
13 reportable pursuant to subsection (2) in which the
14 reporting person or a member of his or her immediate
15 family owns securities with a value in excess of \$1,000.
16 The reporting person shall disclose the name and principal
17 address of the business, and a general description of the
18 nature of the business and its activity.

19 (6) Indebtedness. Any loans or credit
20 arrangements for an amount in excess of \$1,000 entered
21 into by the reporting person or a member of his or her
22 immediate family or by a business reported pursuant to
23 subsection (2), but excluding.

24 (a) liabilities to relatives;

25 (b) credit card balances; and

1 (c) any loan issued in the ordinary course of
2 business by a financial institution to finance:

3 (i) educational costs;

4 (ii) the cost of home purchase or
5 improvements for a primary or secondary residence; or

6 (iii) purchase of a personally owned
7 motor vehicle, household furniture or appliances.

8 The reporting person shall disclose the name and address
9 of the lender and the purpose of the loan or line of
10 credit.

11 (7) Financial or material support. Any
12 contribution from a single source with a cumulative value
13 in excess of \$250 in the course of the reporting period,
14 which was solicited, encouraged, or received by or on
15 behalf of the reporting person or a member of his or her
16 immediate family and was in any way related to the
17 reporting person's candidacy in an election or to his or
18 her public office. The reporting person shall disclose the
19 name and address of the donor and, if not a natural
20 person, the nature of the donating entity; the reporting
21 person shall also disclose whether the donation was cash
22 or in-kind and, if in-kind, the nature of the donation.

23 (8) Overseas visits. Any overseas visit made by
24 the reporting person or a member of his or her immediate
25 family which in any way arose out of the reporting

1 person's candidacy or public office, where the cost of
2 such visit was not wholly borne by the reporting person,
3 by the Government of the Federated States of Micronesia,
4 or by a combination thereof; the reporting person shall
5 disclose the destination and purpose of the trip, the
6 elements of the trip donated or funded by the donation,
7 the name and address of the donor and, if not a natural
8 person, the nature of the donating entity.

9 (9) Concessionary transactions. Any transaction
10 with a value in excess of \$250, the terms of which
11 differed substantially from standard prevailing commercial
12 terms to the benefit of the reporting person or a member
13 of his or her immediate family, either personally or with
14 respect to an interest reported pursuant to subsection (1)
15 or (2); the reporting person shall, disclose the nature of
16 the transaction, the reason for the favorable terms, the
17 names and addresses of the parties to the transaction and,
18 if not a natural person, the nature of the entity granting
19 the favorable terms."

20 Section 9. Title 13 of the Code of the Federated States of
21 Micronesia is hereby further amended by establishing a new
22 section 203 of chapter 2 to read as follows:

23 "Section 203. Guidance as to disclosure of interests.
24 For the purpose of determining whether any interest must
25 be reported under section 202 of this chapter, the

1 interests of the reporting person and members of his or
2 her immediate family shall be aggregated.

3 Section 10. Title 13 of the Code of the Federated States of
4 Micronesia is hereby further amended by establishing a new
5 section 204 of chapter 2 of title 13 to read as follows

6 "Section 204. Voluntary disclosures. Although nothing in
7 this chapter should be interpreted as requiring the
8 disclosure of dollar amounts, and no penalty shall be
9 incurred for not making such a disclosure, the reporting
10 party may voluntarily disclose that any amount was "less
11 than \$1,000", "at least \$1,000, but less than \$5,000", "at
12 least \$5,000, but less than \$10,000", "at least \$10,000,
13 but less than \$25,000", "at least \$25,000, but less than
14 \$100,000", or "more than \$100,000". Such voluntary
15 disclosure is subject to the same penalties for incorrect
16 reporting as the information required to be disclosed by
17 this chapter."

18 Section 11. Title 13 of the Code of the Federated States of
19 Micronesia is hereby further amended by establishing a new
20 section 205 of chapter 2 to read as follows:

21 "Section 205. Publication of Register of Financial
22 Interests. The Secretary shall:

23 (1) Publish a Register of Financial Interests
24 compiling the individual statements of financial
25 interests of public officials no later than June 1

1 of each year;

2 (2) Publish a Register of Financial Interests
3 of Candidates compiling the individual statements
4 of financial interests of candidates no later than
5 one hundred days prior to a general election and no
6 later than thirty days prior to a special election,
7 and a Supplemental Register of Financial Interests
8 of Candidates no later than ten days prior to a
9 general or special election;

10 (3) Ensure that such Registers of Financial
11 Interests are made readily available to citizens of
12 the Federated States of Micronesia, both online and
13 in printed form."

14 Section 12. Title 13 of the Code of the Federated States of
15 Micronesia is hereby further amended by establishing a new
16 section 206 of chapter 2 to read as follows:

17 "Section 206. Civil and criminal penalties.

18 (1) Any reporting person who fails to file a properly
19 completed statement of financial interests within the time
20 prescribed by section 201 of this title, shall be subject
21 to a civil penalty of \$100 for each day that such
22 delinquency continues.

23 (2) Any reporting person who files a Statement of
24 financial interests that is incorrect or lacks any
25 information required by section 201 of this title shall be

